

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 COME-00 INT-05 OPIC-03 AID-05 L-03

CIAE-00 DODE-00 INR-07 NSAE-00 PA-01 USIA-06 PRS-01

SP-02 NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01

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R 222016Z SEP 75

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 4867

INFO AMEMBASSY BRASILIA

AMEMBASSY LIMA

LIMITED OFFICIAL USE SANTIAGO 6372

E.O. 11652: N/A

TAGS: EMIN, ETRD, EINV, BR, CI, PE

SUBJECT: CHILEAN COPPER - THE BRAZILIAN CONNECTION

REF: LIMA 7798

1. WE DISCUSSED GENERAL IMPORT OF REFTEL WITH DEPUTY VICE PRESIDENT OF CHILE'S COPPER CORPORATION (CODELCO), FERNANDO LENIZ. HE RESPONDED THAT BRAZIL HAS INDEED AGREED TO INCREASE ITS COPPER PURCHASES FROM CHILE AND IS DOING SO. STATISTICS FOR LAST THREE YEARS ALREADY SHOW SOME INCREASE: IN THOUSANDS OF METRIC TONS 1972 EXPORTS TO BRAZIL WERE 7.9; 1973, 12.1; AND 1974, 41.5. CHILEANS GAIN SLIGHTLY MORE FROM THEIR BRAZILIAN EXPORTS THAN ELSEWHERE, SINCE BRAZILIANS PAY LONDON METALS EXCHANGE PRICE FOB RATHER THAN CIF.

2. ACCORDING TO LENIZ, BRAZIL FORSEES INCREASING NEED FOR COPPER, WHICH IT HOPES TO SATISFY FROM DOMESTIC SOURCES. SO FAR, IT HAS FOUND NONE. IN ADDITION TO PLANS FOR GREATLY EXPANDED DOMESTIC EXPLORATION BRAZIL ACTIVELY SEEKING TO OBTAIN SECURE SOURCES OF FOREIGN SUPPLY. BRAZILIAN OFFICIALS  
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HAVE VISITED CHILE OFFERING TO BUY CONCENTRATES TO BE SMELTED

AND REFINED IN BRAZIL. CHILE IS NOT INTERESTED IN EXPORTING CONCENTRATES, BELIEVING THAT ECONOMIC LOGIC DICTATES THAT SMELTING AT LEAST SHOULD BE DONE HERE.

3. BRAZILIAN PRIVATE COMPANY IS BIDDING ON THE LOS PELAMBRES OREBODY LOCATED NORTHEAST OF SANTIAGO ON THE ARGENTINE BORDER. DEPOSIT IS AT LEAST PARTLY IN HANDS OF CHILEAN PRIVATE OWNERS TO WHOM, ACCORDING TO LENIZ, BRAZILIANS ARE OFFERING \$30 MILLION FOR THEIR HOLDINGS. HE ADDED THAT A CANADIAN COMPANY (PROBABLY FALCONBRIDGE) IS ALSO BIDDING THIS SITE. IN ANY CASE, COPPER FROM THE LOS PELAMBRES DEPOSIT COULD NOT COME ON STREAM FOR SIX TO EIGHT YEARS.

4. LENIZ REGARDS PRESENT STAGE OF BRZAILIAN DISCUSSION WITH BOTH PERU AND CHILE AS VERY PRELIMINARY. HE DOUBTS THAT MAJOR INVESTMENTS WOULD BE MADE IN MORE THAN ONE COUNTRY, BUT CONSIDERS THE OVERTURES TO BOTH TO BE AN UNDERSTANDABLE EFFORT TO IMPROVE THE BRAZILIAN BARGAINING POSITION. "IN THEIR SHOES, I WOULD DO THE SAME."

5. COMMENT: BRAZILIAN COMPANIES MAY ALSO FIGURE IN THE EVENTUAL FORMATION OF CONSORTIUMS TO WORK LARGE CHILEAN OREBODIES, ACCORDING TO A POTENTIAL U.S. INVESTOR.  
POPPER

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## Message Attributes

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